

How to Use the Pharmaceutical Prime Vendor Statewide Contract

Contract #: MED38	Contract Duration: 08/01/09 to 06/30/14
MMARS #: MED38*	Options to renew: Two one year options – max end 6/30/16
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This contract contains: Supplier Diversity Office SDO Contractors	
Last change date: 1/16/13	

Contract Summary

This contract covers all prescription and OTC (over the counter) pharmaceuticals, related pharmaceutical supply items and equipment normally sold by Cardinal Health, the sole (Prime) vendor drug wholesaler, for use in all healthcare settings with a DEA certificate and pharmacy license. Healthcare settings without a pharmacy license may set up an OTC only account with Cardinal Health.

Benefits and Cost Savings

- Competitive prices
- Access to Cardinal's private label products
- Electronic ordering system using an electronic catalog with: product availability, pricing, price comparisons, past order history, credits, and payments
- Help with inventory management: when requested, Cardinal loans hand held electronic inventory units, from which Cardinal can value and print the inventory
- Cardinal has local, regional, and national experience and exposure.

Who Can Use This Contract?

Applicable Procurement Law: MGL c. 7, § 22; c. 30, § 51, § 52; 801 CMR 21.00

Eligible Entities:

01. Cities, towns, districts, counties and other political subdivisions
02. Executive, Legislative and Judicial Branches, including all Departments and elected offices therein;
03. Independent public authorities, commissions and quasi-public agencies
04. Local public libraries, public school districts and charter schools;
05. Public Hospitals, owned by the Commonwealth;
06. Public institutions of high education
07. Public purchasing cooperatives;
08. Non-profit, UFR-certified organizations that are doing business with the Commonwealth;
09. Other states and territories with no prior approval by the State Purchasing Agent required;
10. Other entities when designated in writing by the State Purchasing Agent.

Pricing and Purchase Options

Purchase Options: Purchases made through this contract will be direct outright purchases.

The exact purchase price of a drug is viewable in Cardinal Health's electronic catalog. For most products, the purchase price is Cardinal's acquisition cost minus a percentage based on payment timing. Cardinal's standard pricing is cost minus 2.97% for 45 day payment. Lower prices are available for users that pre-commit with Cardinal to make earlier payments: cost minus 3.34% for 30 day payment; or cost minus 3.53% for 22 day payment; or cost minus 3.67% for 15 day payment; or cost minus 3.77% for 9 day payment; or cost minus

3.81% for 7 day payment. The State Office of Pharmacy Services (SOPS) Tewksbury Central Distribution Center Pharmacy (CDCP), which is the primary purchaser of pharmaceuticals, has committed to the 7 day payment term. If no acquisition price is established for an item, then the acquisition price used will never exceed the drug's manufacturer published Wholesale Acquisition Cost (WAC), the standard price a wholesaler pays a manufacturer for a drug.

When a Purchasing Entity requests that Cardinal order a product it does not carry or list on its online catalog to be dropped shipped directly from a manufacturer to the Purchasing Entity, Cardinal's percentage will be zero percent (0%) in determining the Net Price. This means the Purchasing Entity would pay Cardinal the same price the manufacturer charged Cardinal.

Contract Pricing: To ensure contract pricing, orders should include reference to SWC MED38. Be sure that Cardinal confirms your account number is linked to MED38.

Additional Information

1. Group Purchasing Organization (GPO)

A group purchasing organization is an entity that helps healthcare providers — such as hospitals, nursing homes and home health agencies — realize savings and efficiencies by aggregating purchasing volume and using that leverage to negotiate discounts with manufacturers, distributors and other vendors of health supplies such as pharmaceuticals, biologics, medical/surgical equipment, laboratory supplies, and capital equipment. GPO's actively negotiate contracts with manufacturers on behalf of their members, and/or provide their members access to the purchasing contracts of other GPO's.

The Commonwealth's GPO for this contract is Managed Healthcare Associates (MHA). MHA is not itself a vendor on this contract. Their roles are: establishing with manufacturers the vendor's acquisition price of a drug (from which the purchasing entity's net price is calculated), checking pricing for accuracy (vendor will issue credits or debits as needed), and identifying when a Purchasing Entity could have purchased a less expensive drug. The State Office for Pharmacy Services (SOPS) handles these pricing transactions for all facilities under its control. Further information on GPOs from their association is posted on the Forms and Terms tab of the Contract.

2. Product Specifications:

- All items sold under this contract will be compliant with all applicable Federal laws and regulations such as FDA 21 CFR at time of sale; and all applicable Commonwealth of Massachusetts Laws and Regulations; and when applicable meet City of Boston Fire Code standards.
- Cardinal will not deliver pharmaceuticals with an expiration date of less than six (6) months without permission of the chief pharmacist or designee at a Purchasing Entity.
- Cardinal will primarily ship orders in sealable plastic totes that will be picked up by Cardinal and reused for future deliveries.
- Cardinal will provide adhesive shelf barcode labels that have the SKU and description of the drug with each order, or when requested by Purchasing Entities.

3. Ordering:

An account must be established with Cardinal Health prior to placing orders. Orders are normally to be placed online. In order to purchase all products from this contract, an eligible entity must have a licensed pharmacy and DEA certificate or obtain pharmaceuticals from the State Office for Pharmacy Services (SOPS). Healthcare settings without a pharmacy license may set up an OTC only account with Cardinal Health.

Cardinal will provide and maintain the equipment and technology that allows online ordering by all Purchasing Entities at no cost to the Purchasing Entity or to the Commonwealth. Purchasing Entities will be

responsible for providing the phone line and internet connectivity. Purchasing Entities who order infrequently such as the TB Control program may call in an order.

Cardinal will not fill backorders unless specifically requested by a Purchasing Entity.

Cardinal will provide completely functional IBM compatible personnel computer (PC) setups with printer, and install and maintain a software package on the PC that will enable purchasing entities to access the Cardinal computer to check the availability and price of a product and provide for easy electronic order entry. Cardinal will train personnel in ordering online. All malfunctioning equipment will be repaired or replaced in 24 hours of the request. All equipment provided will become the property of the Commonwealth at the end of the contract.

4. Delivery:

All deliveries containing prescription drugs must be made directly to the Pharmacy. No Delivery Fuel or other Surcharges will be assessed to the Commonwealth.

a) Delivery to SOPS CDCP

The SOPS CDCP at Tewksbury has specific delivery requirements that are different from other locations purchasing from the Contract. The CDCP must receive same day delivery of orders placed by 11AM with delivery made before 3 PM the same day. The CDCP must receive next day delivery before 8 AM for orders placed before 8 PM the previous day. All deliveries will be Monday through Friday at the CDCP with the exception of major holidays when Cardinal is closed.

b) Delivery to Other Sites

Cardinal will provide next day delivery Monday through Friday for orders placed before 8 PM with the exception of major holidays when Cardinal is closed, in which case delivery must be made on the next business day. Deliveries will be made before 10 AM.

c) Drop Ship Delivery

When a Purchasing Entity orders a product that Cardinal routinely carries or is Cardinal's online catalog and Cardinal has it dropped shipped directly from the manufacturer to the Purchasing Entity, Cardinal will use the standard price % for the Purchasing Entity. The Purchasing Entity must give permission for routine drop ships.

When a Purchasing Entity requests that Cardinal order a product it does not carry or list on its online catalog to be dropped shipped directly from a manufacturer to the Purchasing Entity, Cardinal's percentage will be zero percent (0%) in determining the Net Price. This means the Purchasing Entity would pay Cardinal the same price the manufacturer charged Cardinal.

d) Drop Ship Delivery for DPH TB Control Program

Cardinal will provide Department of Public Health's TB Control Program with drop ships to their TB clinics and depots when requested.

e) Emergency Delivery

Cardinal will provide emergency delivery. Cardinal may add the actual cost of the delivery service to the Net Price providing Cardinal notified the Purchasing Entity prior to shipping the order.

f) Minimum Order Free Delivery

For any order of \$100 or more Delivery is free. The purchasing entity has the option of approving a delivery charge of \$20 for orders under \$100.

5. Returns:

Items ordered in error or wrongly shipped in original packaging and in saleable condition may be returned for full credit if Cardinal is notified within 7 calendar days of the delivery date. No shipping costs or restocking charges will be assessed to the Commonwealth and pickup will be within 3 calendar days of the request. The State Board of Pharmacy Services may establish additional agreements for return of saleable drugs.

Vendor List and Contract Information

The sole contractor is listed below. The two locations have a single primary contact point for ordering, returns, first line support, and issue resolution, as listed. Other contacts are posted on the Vendor page in Comm-PASS. Supplier involvement in any of the following programs will have the appropriate three to four letter code at the end of the vendor listing. Programs include Small Business Purchasing Program (SBPP), Supply Diversity Office Certification (SDO, Formerly SOMWBA Certification), Supplier Diversity Program (SDP, Formerly AMP), Environmentally Preferable Products Program (EPP), and Prompt Pay Discount (PPD).

Sole Vendor	Contact Name	Phone Numbers	Email	Program
Cardinal Health 110 Inc and Cardinal Health 411 Inc	Customer Service	800-926-3161 FAX 866-551-0530	government- pharma@cardinalhealth.com	SDP

Strategic Sourcing Services Team Members

Scott Brody	State Office of Pharmacy Services	Scott.Brody@State.MA.US
Edward Cavallari	State Office of Pharmacy Services	Edward.Cavallari@State.MA.US
Lou Dell'Olio	State Office of Pharmacy Services	Lou.Dell'Olio@State.MA.US
David Pularo-Spazioso	State Office of Pharmacy Services	David.Pularo-Spazioso@State.MA.US
Donald Rogers	State Office of Pharmacy Services	Donald.Rogers@State.MA.US

Summary of Where to Obtain Important Contract Information

To obtain more contract information please go to the Comm-PASS (www.comm-pass.com) website, on the "Contracts" tab, in the Document Number box enter Document Number MED38 (no spaces), click the "Search" button, the page looks almost the same – click on the underlined link "There are 1 Contract(s) found that match your search criteria", click on the eyeglasses to the right of the MED38 information, click on the tab of interest, and click on the eyeglasses to the right of any information of interest.

Contract User Guide	"Forms & Terms" tab
RFR MED38	"Forms & Terms" tab
Group Purchasing Organization (GPO) Information	"Forms & Terms" tab
Cardinal Health Contact List	"Vendor Tab"

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